

**E1-E2 (CFA)**

**PCO RETENTION**

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## Introduction

TRAI's April-June 2009 Quarter's Report reveals a startling fact – “Total number of PCOs in the country as on 30<sup>th</sup> June 2009 is 61,13,423 as compared to 62,01,441 in the quarter ending March 2009, showing a reduction of 88,018 PCOs.” As per this report BSNL has 29.9% of market share, MTNL 3.4% while all other private operators put together have captured 66.7 % of the market.

The above figures outline the challenges, which the PCO business is facing today. With saturated markets and increased number of Telecom Service Providers (TSPs), the growth with profit factor in PCO sector is diminishing.

## BSNL's PCOs

Technologically BSNL is today offering following types of PCOs:

- i) GSM PCOs
- ii) WLL or CDMA PCOs
- iii) Landline or FLPP PCOs
- iv) IN PCOs

# PCO Business in BSNL

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## PCOs owned and operated by BSNL

### CCB PCOs (unmanned)

These are provided on BSNL's own initiative at Public places, CTOs / DTOs etc.

In more important places like airports, railway stations, bus stations, hospitals, etc., a number of CCB PCOs should be installed side by side, depending upon the requirements.

## **STD PCOs (Manned)**

These PCOs are provided on BSNL's own initiative mainly at Customer Service Centres (CSCs) and also at CTOs / DTOs etc. These PCO are being managed by BSNL's staff posted at such places.

## **BSNL PCOs (Local/STD/ISD) run by PCO operators**

These PCOs are run by individuals and other institutions on discount basis.

# ELIGIBILITY

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- All individuals of 18 years of age or above on the date of application. There is no upper age limit.

Charitable / educational institutions, hospitals, army and para-military establishments. (List of such institutions / establishments is not exhaustive)

# ALLOTMENT

· There is no specific limit on percentage of exchange capacity earmarked for STD/ISD/Local PCOs and the PCOs can be allotted to any extent of exchange capacity wherever new telephone is available on demand. At all other places 10% of the exchange capacity should be utilized for PCOs. New PCOs should be allotted immediately on receipt of application on day-to-day basis as per their registration within this capacity limit. If there is no waiting list for normal telephones in an exchange, PCOs even beyond this limit can be allotted.

· In case there is a waiting list in an exchange for PCOs, 50 % of PCOs shall be given to the following reserved category in the order given hereunder:

Ø Defence establishments and other para-military force establishments e.g. BSF, CRPF etc.

Ø War widows / dependents

Ø SC / ST

Ø Handicapped persons

Ø Ex-serviceman

- PCOs are to be allotted liberally without any restriction of distance, space and size of accommodation and educational qualification.
- Conference Facility on STD/ISD PCOs is permitted. Machine having facility of termination of two telephones lines will have to be arranged by the PCO operator.

Attachment of Fax machine with STD/ISD PCOs is permitted without any license fee or permission. No tariff is prescribed and the rate to be charged from the customer by the PCO operator is left to the market forces.

## Use of revised application-cum-agreement for PCOs



The PCO policy has been reviewed and the following major decisions have been taken with the approval of the competent authority:

Henceforth a uniform nomenclature of “PCO operator” shall be used in place of “PCO franchisee”

The agreement between “PCO operator” and BSNL shall henceforth be on “Principal to Principal (P2P) basis” instead of “Principal to Franchisee”.

A common application-cum-agreement form shall be used for all types of PCOs (Local/STD/ISD PCOs), both prepaid and postpaid, provided on Wired line/ WLL/ GSM. All the applications for allotment of PCOs should be accepted in the new Application-cum-agreement form only.

## Conversion of PCOs into 'BSNL Shoppe-One Stop Sanchar Shop'



All PCOs, subject to the regular payment of bills during past six months, are allowed to be converted into BSNL Shoppe - for sale and marketing of the following BSNL products and services on non-exclusive basis:

Sale of Excel / Cell One cards.

Sale of all types of recharges coupons.

Broadband connections including modem.

IPTV connections including set top box.

Sancharnet cards, ITC cards and other type of cash cards.

Display/ sale of various types of telephone instruments & accessories.

Information kiosks for various BSNL services & products.

Booking of telegrams and delivery thereof.

Bill collection of all post paid services through DD / Cheque.

Any other service for customer convenience.

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Broadband connection is to be provided by BSNL for such "BSNL Shoppe's" at normal tariff rates. The PCO operator can choose any tariff plan from the Business plans available and can offer variety of services (like internet telephony, video conferencing etc.) on time-sharing basis.

No limit on the charges to be taken from public for such broad band services by the PCO operator has been prescribed by BSNL and the PCO operator is at liberty to charge any rates depending on the competition.

All the services except Booking of telegrams and Bill collection shall be on pre-paid basis i.e. the PCO operator will make advance payment to BSNL.

No additional security is to be collected from the PCO operator for conversion of PCO into BSNL Shoppe. However the PCO operator is required to sign a supplementary agreement.

The activation of any service booked through 'BSNL-Shoppe' will, however, be subject to completion of all formalities by the applicant.

Standard glow sign board with BSNL logo and brand name "BSNL SHOPPE (One-Stop Sanchar Shop)" shall be provided free of cost by BSNL.

The commission/discount for offering such services will be prescribed from time to time for each service.

Creative design for such outlets have been circulated by Marketing cell.

## Glow Sign Board For PCOs

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As per circular No. 11-8-2003-Mktg dated 8-6-2004, Circles are authorized to provide Glow signs to STD PCOs at important locations (from visibility point of view) at BSNL cost.

Cost of each glow signboard on an average may be restricted to Rs.1000/- only

Electricity charges for the glow sign shall have to be borne by the STD PCO operator.

The creative design for glow signboard for STD/ISD PCOs has been circulated by marketing cell.

## For BSNL Shoppe

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As per CS Cell Circular No: 31-15/98-PHB Dated 7-11-2007 standard glow sign board with BSNL logo and brand name "BSNL SHOPPE (One-Stop Sanchar Shop)" shall be provided free of cost by BSNL.

The creative design for One Stop Sanchar Shoppe Signage has been circulated by Marketing Cell vide letter No. 19-7/07-Mktg.dated 21-2-2008.

## Commission structure for various BSNL services and products

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Commission/ discount payable to the BSNL franchisees, retailers/ Post offices/PCO operators/Direct Selling Agents (DSAs) Business Associates (BAs) is being reviewed and revised from time to time. Latest commission / discount structure has been issued by Sales cell vide letter No 27-9/2008-Sales dated 17-11-2008 (copy of which is available on BSNL Intranet site (old) under head DIR(C&M), sub-head-Marketing). Copy of the commission / discount structure is enclosed as Annexure I & II to this compilation for ready reference.

## PCO bundling scheme

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Two vendors namely M/s Linkwell Telesystems Pvt. Ltd and M/s Accord Communications have been approved for supplying of PCO machines bundled with BSNL SIMs / Line. The vendors will sell the connections using their own sales and distribution network.

The PCO connections under Bundling Scheme is also allowed through BSNL franchisees appointed for marketing of BSNL's services as per the Sales and Distribution Policy 2006.

Incentive of Rs. 300/- is paid to the vendors for each BSNL PCO connections sold through them. The incentive money for acquisition of PCOs, which remain operational for six months from date of activation, should be paid to the Vendor immediately after expiry of six months period without any reference from the vendor.

The PCO operator shall be given additional free talk value of Rs. 500 on first recharge at the time of allotment of the PCO, irrespective of whether the PCO is acquired by a Franchisee or the Vendor.

On subsequent recharge, free talk value of Rs.100/- shall be given to the PCO operator for next 11 months subject to minimum recharge of Rs. 500/- per month.

## List of approved Vendors of PCO Machines, Models and Price



<b>S. No.</b>	<b>Name of the Vendor</b>	<b>Model No.</b>	<b>Price to Franchisee (Inclusive of taxes)</b>
<b>1</b>	<b>Visiontek Linkwell Telesystem Private Ltd.</b>	<b>FCP-GSM 21 G</b>	<b>Rs. 2000/- each</b>
		<b>PSTN-Numeric 31s</b>	<b>Rs. 4650/- each</b>
		<b>41VG</b>	<b>Rs. 3200/-</b>
		<b>41TG.</b>	<b>Rs. 3100/-</b>
<b>2</b>	<b>Accord communication,</b>	<b>FCP-30</b>	<b>Rs. 2075/- each</b>
		<b>GCP-10</b>	<b>Rs. 3275/-</b>
		<b>GCP-30</b>	<b>Rs. 3075/-</b>

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**Incentives and commission to the Vendors of PCO machines for acquisition of PCOs under PCO Bundling Scheme:**

- |                                    |              |
|------------------------------------|--------------|
| 1. One time incentive              | --- Rs.300/- |
| 2. Commission on recharge vouchers | --- 3%       |

# GSM PCO bundling scheme



## FCT type Instrument

<b>Particulars</b>	<b>Existing</b>	<b>New Plan</b>
<b>Price of FCT (Directly provided by franchisee)</b>	<b>Rs. 2000/-</b>	<b>Rs. 2000/-</b>
<b>Initial free talk time on First recharge</b>	<b>Rs. 500/- in first month</b>	<b>Rs. 1000/- with zero validity only in BSNL network</b>
<b>Subsequent free talk time (only within BSNL network)</b>	<b>Rs. 100/- per month for 11 months subject to minimum recharge of Rs. 500/-</b>	<b>Rs. 100 per month (only within BSNL Network) for every recharge, maximum 11 times subject to minimum recharge with talk time of Rs. 500 in each occasion</b>
<b>Total free talk time</b>	<b>Rs. 1600/-</b>	<b>Rs. 2100</b>

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## GSM CCB PCO Instrument

<b>Particular</b>	<b>Existing</b>	<b>New Separate Plan</b>
<b>Price range of GSM CCB PCO (Directly provided by franchisee)</b>	<b>Rs. 3200/-</b>	<b>Rs. 3200/-</b>
<b>Initial free talk time on First recharge</b>	<b>Rs. 500/- in first month</b>	<b>Rs. 1500/- with zero validity only in BSNL network</b>
<b>Subsequent free talk time (only within BSNL network)</b>	<b>Rs. 100/- per month for 11 months subject to minimum recharge of Rs. 500/-</b>	<b>Rs. 150 per month (only within BSNL Network) for every recharge, maximum 11 times subject to minimum recharge with talk time of Rs. 500 in each occasion</b>
<b>Total free talk time</b>	<b>Rs. 1600/-</b>	<b>Rs. 3150</b>

# TARIFFS for Post Paid Local/ STD/ ISD PCOs

## Security Deposit for Land Line/ WLL PCOs

Particulars	Local/STD PCO		Local VPTs		VPT /STD VPTs	
	Rural	Urban	Rural	Urban	Rural	Urban
Handicapped	0	0	0	0	250	NA
Other than handicapped	600	1000	0	0		

**Additional Security deposit of Rs.2000/- for ISD facility to be taken from all including handicapped persons.**

**Interest on Security deposit is to be paid equal to the rate of interest on one-year term deposit as on 1st April by State Bank of India. The amount of security deposit is to be reviewed every year and the interest is paid thereon. Excess security deposit is to be refunded/ adjusted immediately.**

## Minimum Guaranteed Revenue for Local / STD / ISD PCOs per month

Type of PCOs	Urban Area	Rural Area
Local/STD/ISD PCO	Rs.300/-	Rs.100/-
Local and STD / ISD VPTs	NIL	NIL

## Pulse rates, for all type of PCOs except Local VPT

Particulars	Unit rate (inclusive of service tax)	From Landline / WLL /FLPP PCOs				From GSM / CDMA PCOs (Full Mobility)
		BSNL Network		Other Network		All Networks
		Wire line / WLL*	Cellular / CDMA	Wire line/ WLL*	Cellular / CDMA	All calls
<b>Local and Intra circle calls</b>						
<b>Local &amp; Intra up to 50 kms</b>	<b>Re.1.00</b>	<b>90</b>	<b>60</b>	<b>90</b>	<b>60</b>	<b>60</b>
<b>Intra &gt; 50 Kms</b>	<b>Re.1.00</b>	<b>60</b>		<b>60</b>		<b>60</b>
<b>Inter circle calls</b>	<b>Re.1.00</b>	<b>60</b>				<b>60</b>

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## ISD Call charges For Land Line PCOs

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<b>Country category</b>	<b>Pulse in sec</b>	<b>Rs./ min.</b>
<b>USA, Canada, UK, Sri Lanka</b>	<b>6</b>	<b>10</b>
<b>Europe, (Other than UK), Singapore, Thailand, Malaysia, Indonesia and Hong Kong, Kuwait, Bahrain &amp; UAE</b>	<b>5</b>	<b>12</b>
<b>Oman, Qatar</b>	<b>4</b>	<b>15</b>
<b>Rest of World</b>	<b>4</b>	<b>15</b>

**Discount structure of all type of Postpaid Landline PCOs including fixed PCOs provided on WLL.**

<b>Billed MCU per month</b>	<b>MRP per MCU</b>	<b>Defined rate</b>	<b>ST &amp; Cess applicable on defined rate (10.3%)</b>	<b>Net billed to PCO Operator per MCU inclusive of ST &amp; Cess</b>	<b>Discount per MCU</b>	<b>Return on investment for PCO Operator (%)</b>
<b>C 1</b>	<b>C 2</b>	<b>C 3</b>	<b>C 4 = C 3 *(10.3%)</b>	<b>C5=C3+C4</b>	<b>C 6 (C2-C5)</b>	<b>C7=C6/C5</b>
<b>&lt; 400</b>	<b>1.000</b>	<b>0.623</b>	<b>0.064</b>	<b>0.687</b>	<b>0.300</b>	<b>43.66%</b>
<b>&gt;400&lt;=800</b>	<b>1.000</b>	<b>0.605</b>	<b>0.062</b>	<b>0.667</b>	<b>0.320</b>	<b>47.95%</b>
<b>&gt;800&lt;=1200</b>	<b>1.000</b>	<b>0.578</b>	<b>0.060</b>	<b>0.638</b>	<b>0.350</b>	<b>54.90%</b>
<b>&gt;1200&lt;=1500</b>	<b>1.000</b>	<b>0.561</b>	<b>0.058</b>	<b>0.619</b>	<b>0.370</b>	<b>59.79%</b>
<b>&gt;1500&lt;=2500</b>	<b>1.000</b>	<b>0.547</b>	<b>0.056</b>	<b>0.603</b>	<b>0.385</b>	<b>63.81%</b>
<b>&gt;2500</b>	<b>1.000</b>	<b>0.534</b>	<b>0.055</b>	<b>0.589</b>	<b>0.400</b>	<b>67.91%</b>

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# Service charges

Ø For Local PCOs

Basis to basic/ WLL (except 9 level)

Local call		Nil
Intra Circle calls 0-50 Kms	-----	Nil
Intra Circle calls > 50 Kms	-----	Re. 1/- per call

Basic to Cellular / UASP/ WLL (9 level)

All Intra circle calls	-----	Re. 1/- per call
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Ø For STD/ISD & VPT with STD PCOs

Basis to basic/ WLL (except 9 level)

Local call		Nil
Intra Circle calls 0-50 Kms	-----	Nil
Inter circle calls 0-50 Kms	-----	Nil
Intra Circle calls > 50 Kms	-----	Re. 1/- per call
Inter circle calls > 50 Kms	-----	Rs. 2/- per call

Basic to Cellular / UASP/ WLL (9 level)

All Intra circle calls	-----	Re. 1/- per call
All Intra circle calls	-----	Re. 1/- per call

Note: As per circular issued vide 3-5/2007-R&C dated 23-3-2007 levy of service charges is not mandatory.

# Tariffs for GSM PCOs



Call Charges (Inclusive of S. Tax)	GSM PCO		GSM CCB PCO	
	Pulse in sec.	Rs. per minute	Pulse in sec.	Rs. per minute
All Intra Circle Calls	60	1.00	60	1.00
All Inter Circle Calls	60	1.00	60	1.00
ISD Calls (Charge per minute)				
a) USA, Canada, UK, Sri Lanka	60	8.00	8	7.50
b) Europe (other than UK), Singapore, Thailand, Malaysia, Indonesia and Hong Kong, Kuwait, Bahrain, UAE,	60	12.00	5	12.00
c) Rest of the world	60	15.00	4	15.00

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## Recharge Vouchers for GSM PCOs

<b>Sale Price (Incl. of ST &amp; Cess) in Rs.</b>	<b>Discounted value of recharge coupons (excl. S. Tax) in Rs.</b>	<b>ST &amp; Cess (10.30%) in Rs.</b>	<b>Talk Value (incl. of ST &amp; Cess) in Rs.</b>	<b>Validity (Days)</b>	<b>Return on Investment for PCO Operator</b>
<b>1</b>	<b>2</b>	<b>3=2*10.30%</b>	<b>4</b>	<b>5</b>	<b>6=(4-1)/1</b>
<b>210</b>	<b>190.39</b>	<b>19.61</b>	<b>300</b>	<b>15</b>	<b>42.86%</b>
<b>345</b>	<b>312.78</b>	<b>32.22</b>	<b>500</b>	<b>30</b>	<b>44.93%</b>
<b>660</b>	<b>598.37</b>	<b>61.63</b>	<b>1000</b>	<b>45</b>	<b>51.52%</b>
<b>1920</b>	<b>1740.71</b>	<b>179.29</b>	<b>3000</b>	<b>45</b>	<b>56.25%</b>
<b>3050</b>	<b>2765.19</b>	<b>284.81</b>	<b>5000</b>	<b>45</b>	<b>63.93%</b>
<b>5800</b>	<b>5258.39</b>	<b>541.61</b>	<b>10000</b>	<b>60</b>	<b>72.41%</b>
<b>5670</b>	<b>5140.53</b>	<b>529.47</b>	<b>9000</b>	<b>100</b>	<b>58.73%</b>

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## Fixed Line Prepaid (FLPP) PCO

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### Commercial guidelines

**Procedure for sanction and provision of FLPP PCO will be same as prescribed for normal Fixed line PCO including signing of the agreement.**

**Existing fixed line PCOs can be converted in to FLPP PCOs.**

**Security deposit already given by the PCO operator will be refunded after 3 months of migration to Prepaid PCO.**

**No bills are required to be issued, as it is a prepaid service.**

**No Security Deposit and Minimum Guaranteed Revenue is prescribed for FLPP PCOs.**

**Discount will be paid upfront at the time of sale of recharge coupons.**

**The Top Up cards in FLPP PCOs is not permissible.**

## FLPP PCO- Account Card Profile



<b>Particulars</b>	<b>Universal PCO Account</b>
<b>Card Value</b>	<b>Rs. 300/-</b>
<b>Talk value</b>	<b>Rs 200/-</b>
<b>Service Tax+ Education Cess +Sec &amp; Higher edu. Cess (10.30)</b>	<b>Rs. 28/-</b>
<b>Net Sale Price*</b>	<b>300.00</b>

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# WLL PCOs

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**PCOs are provided on CDMA technology.**

**The procedure for allotment of WLL PCO (Prepaid & Post paid) is the same as applicable to fixed line PCO with same terms and conditions.**

**Pulse rate for PCOs working on WLL are same as applicable to other type of PCOs.**

## Tariff/ Pulse for CDMA PCOs

Call Charges (Inclusive of S. Tax)	CDMA PCO		CDMA CCB PCO	
	Pulse in sec.	Rs. per minute	Pulse in sec.	Rs. per minute
All Intra Circle Calls	60	1.00	60	1.00
All Inter Circle Calls	60	1.00	60	1.00
ISD Calls (Charge per minute)				
a) USA, Canada, UK, Sri Lanka	60	8.00	8	7.50
b) Europe (other than UK), Singapore, Thailand, Malaysia, Indonesia and Hong Kong, Kuwait, Bahrain, UAE,	60	12.00	5	12.00
c) Rest of the world	60	15.00	4	15.00

## SALE PRICE OF FWT FOR CDMA PCO



<b>Particular</b>	<b><u>Type-1</u> PCO</b>	<b><u>Type-2</u> PCO</b>
<b>Sale Price* of FWT with voice, SMS, Packet Data, G3 FAX, 12V SMPS Unit + PPA with facility to connect PCO machine.</b>	<b>Rs.3600</b>	
<b>Sale Price* of FWT with voice, SMS, Packet Data, G3 FAX + PPA with facility to connect PCO machine.</b>		<b>Rs.3000</b>
<b>Lump-sum Free calls in Rs.</b>		
<b>i) To any Network</b>	<b>Rs.10</b>	<b>Rs.10</b>
<b>II) To BSNL Network only</b>	<b>Rs.1790</b>	<b>Rs.1490</b>

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## Tariff for CDMA Prepaid VPTs

### Without STD Facility

Particulars	Unit rate	Service Tax	Local & Intra circle upto 50 kms to Wire line/ WLL (except 9 level) and cellular/ WLL (9 level) calls within LSA		Intra circle calls beyond 50 kms to Wireline/ WLL
			Own Network	Other Network	All Network
Local VPT without STD facility	Re 1.00	NA	90 Sec	60	NA

## With STD/ISD facility

Call Charges (Inclusive of S. Tax)	CDMA VPTs		CDMA CCB VPTs	
	Pulse in sec.	Rs. per minute	Pulse in sec.	Rs. per minute
All Intra Circle Calls	60	1.00	60	1.00
All Inter Circle Calls	60	1.00	60	1.00
ISD Calls (Charge per minute)				
a) USA, Canada, UK, Sri Lanka	60	8.00	8	7.50
b) Europe (other than UK), Singapore, Thailand, Malaysia, Indonesia and Hong Kong, Kuwait, Bahrain, UAE,	60	12.00	5	12.00
c) Rest of the world	60	15.00	4	15.00

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## **IN PCOs (Intelligent Network PCOs)**

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**IN- PCOs work exclusively on ITC cards.**

**IN PCOs are provided by BSNL without any charges at public places like Petrol pumps Departmental stores, Super Bazaars, Banks, Book stalls, Medical stores, Colleges and Hostels etc.**

**No discount is given to the person keeping IN PCO.**

**Discount on sale price of ITCs is given to the franchisee/ DSA/PCO operator as fixed from time to time.**

**"Call Now" cards have also been introduced which can be used, especially for making ISD calls at cheaper rates, from IN platform.**

## Tariffs for IT Cards

<b>Denomination (In Rs.)</b>	<b>Service Tax + edu. Cess + Hr. edu. Cess (10.3%)</b>	<b>Total amount</b>	<b>Sale value of ITC (in Rs.)</b>
<b>50</b>	<b>5.15</b>	<b>55.15</b>	<b>55.00</b>
<b>100</b>	<b>10.30</b>	<b>110.30</b>	<b>110.00</b>
<b>200</b>	<b>20.60</b>	<b>220.60</b>	<b>221.00</b>
<b>500</b>	<b>51.50</b>	<b>551.50</b>	<b>552.00</b>
<b>1000</b>	<b>103.00</b>	<b>1103.00</b>	<b>1103.00</b>
<b>2000</b>	<b>206.00</b>	<b>2206.00</b>	<b>2206.00</b>
<b>5000</b>	<b>515.00</b>	<b>5515.00</b>	<b>5515.00</b>

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# Call charges from ITC



Calls from PSTN (Landline)	BSNL Network		Other Networks	
	Fixed / WLL (except 10 digit numbers)	Cellular / WLL (10 digit numbers)	Fixed / WLL (except 10 digit numbers)	Cellular / WLL (10 digit numbers)
<b>Local and Intra circle calls</b>				
Local	180	120	180	60
0 – 50 kms	180	120	180	60
> 50 kms	120	120	120	60
<b>Inter circle calls</b>				
0 – 50 kms	120	60	120	60
> 50 kms	120	60	120	60

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## Suggestions for improving PCO business

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While majority of BSNL connections are postpaid, wireless & manned type, the, PCOs of competitors are prepaid, wireless & CCB type. BSNL needs to adopt itself to the market needs and changing customer demands. 'Quality of Service' should be the best.

BSNL still relies on a 'pull' based marketing strategy while 'strong sales force' of other TSPs sales teams or can also join hands with a third party to provide payphone operators a single window service.

As the market grows and more players enter, BSNL has to keep the initial cost at the minimum possible value flexi installment plans can be customized and implemented.

Market research has shown that BSNL should adopt a strange sales promotion approach by introducing special schemes, boosting commission/incentives, reducing documentation & provisioning time.

**THANK YOU**